



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

~~13972~~

112340

LOGISTICS AND COMMUNICATIONS
DIVISION

B-197988

MAY 19, 1980

The Honorable Hans Mark
The Secretary of the Air Force

AGC00035



112340

Dear Mr. Secretary:

Subject: Air Force Watercraft Program Needs Increased
Management Attention (LCD-80-60)

We have completed our study of the Air Force watercraft program and have found that increased management attention is needed over program operations. More specifically, our study showed that

- the headquarters office responsible for overall program management was providing insufficient guidance and control,
- major commands were not carrying out their oversight responsibilities, and
- the logistics center for watercraft was inadequately monitoring the inventory and maintenance functions.

The Air Force Auditor General found similar management weaknesses in 1974.

The Air Force watercraft inventory shows a total of 114 watercraft valued at \$31 million. The inventory includes 14 types of watercraft at 24 locations worldwide, ranging from a 20-foot personnel boat to dredges, barges, and a 310-foot tanker. The watercraft support such missions as resupply operations, harbor operations, sea survival training, and rescue and recovery training.

Air Force Regulation 75-58 assigns the Directorate of Transportation at Air Force headquarters the responsibility for establishing basic management policies. The regulation gives various oversight functions to the major commands. In addition, management of logistics and depot-level maintenance functions is assigned to the San Antonio Air Logistics Center.

010413

(943067)

AGC00113

HEADQUARTERS GUIDANCE AND
CONTROL HAS BEEN LIMITED

The Directorate of Transportation has not provided the strong leadership necessary for a smoothly functioning, efficient, and economical program. Deficiencies disclosed by the Air Force Audit Agency in 1974 have not been completely resolved because program operations have not been adequately monitored to ensure that similar problems have not continued or recurred. As a result, policy guidance has been misunderstood in some instances and disregarded by lower management echelons in others.

The 1974 audit disclosed numerous deficiencies, including excess watercraft, inefficient personnel utilization, and unnecessary expenditures. In 1977 audit agency and Directorate of Transportation personnel observed that, although the audit brought about some changes in policy and inventory, watercraft operations were essentially the same as before the audit. Our work confirmed these observations; many corrective actions were taken but, overall, program management did not appreciably improve.

According to Air Force documentation, over \$17.1 million of cost avoidances were achieved by disposing of excess watercraft, and numerous changes were made to Air Force watercraft regulations, instructions, and directives. Although these measures were commendable, they did little to resolve the basic underlying cause of the problems--the failure of management to enforce operating policies and procedures. For example, the cost avoidances were achieved through a one-time revalidation of watercraft needs, but no system was established to ensure that commands followed the prescribed procedures for annual revalidations of requirements.

The Air Force's failure to monitor watercraft operations for compliance is not confined to requirements analysis. According to Directorate of Transportation officials, because resources are limited and the watercraft program is relatively small, they have relegated management of the program to a firefighting status. In contrast to other programs under the Directorate of Transportation's control, there is no management information system which captures cost, utilization, and other operational data on watercraft for use in identifying problem areas.

The end result, as shown in the following sections of this report, is that virtually all watercraft policy and procedural guidance has been ignored by lower management echelons; therefore, the environment for inefficient and uneconomical conditions disclosed in the 1974 Air Force audit still exists. In fact, our current study identified instances of excess, inoperable, and unaccounted for watercraft.

COMMAND LEVEL MANAGEMENT FUNCTIONS
ARE NOT BEING FULFILLED

Major command personnel are not fulfilling many of the oversight responsibilities set forth in the Air Force regulation. At the two commands we visited, oversight responsibilities had, in effect, been delegated to the installations which operate and maintain the watercraft. This has not been completely effective and has increased the potential for mismanagement.

The functions assigned to the commands in Air Force Regulation 75-58 are very important ones. As intermediate-level managers, commands must oversee all facets of the program to ensure efficient and effective operations. Although these responsibilities are clearly set forth in the regulation, information gathered during our review suggests they are not being fulfilled. For example, commands are required to:

- Revalidate watercraft requirements annually and report the results to the systems manager at the San Antonio Air Logistics Center. Yet, according to the systems manager, none of the commands submit such reports.
- Provide the systems manager with proposed depot-level maintenance contracts on contractor-operated watercraft for coordination and approval before implementation (55 percent of the watercraft are contractor-operated). According to the systems manager, however, the contracts have not been submitted for review. The requirement was established in 1976 because the Air Force audit disclosed that maintenance contract provisions did not always include inspection and repair requirements mandated by Air Force technical orders.

Our review at two commands disclosed that other important surveillance functions were not being accomplished, including the requirement that commands (1) ensure that field maintenance and inspection of Air Force watercraft are accomplished and (2) conduct staff assistance visits annually to review functions peculiar to the operation of watercraft. Further, the commands had not implemented a management information system through which program operations could be monitored. One command received some informal operating data but did not use it for program management purposes.

The commands' oversight efforts were also hampered by a lack of clearly defined lines of authority. Air Force Regulation 75-58 does not specify which command organization is responsible for fulfilling oversight requirements. Even though the regulation was issued by the Directorate of Transportation, neither of the commands' transportation organizations believed they were responsible for its implementation because the watercraft program was assigned to the operational, or mission-oriented, organization which it supports.

On the other hand, mission-oriented command personnel told us that they felt no obligation to fulfill the regulation requirements; their primary concern was accomplishing mission objectives. As a result, the responsibility for overseeing the watercraft program was not assumed at the command level and, in effect, was delegated to the installation level.

LOGISTICS CENTER INADEQUATELY MONITORS INVENTORY AND MAINTENANCE FUNCTIONS

The San Antonio Air Logistics Center is not following sound inventory and maintenance control procedures and practices. Technical responsibilities outlined in the Air Force regulation and supporting administrative functions have not been fulfilled. Further, the logistics center has not updated or enforced important operating instructions for field activities.

The San Antonio Air Logistics Center has a key role in watercraft management. Essentially, it is responsible for inventory control; logistics support; depot-level maintenance; and acquisition, relocation, and disposition of watercraft.

The center also employs personnel--called ship surveyors--who have a high level of technical knowledge about watercraft maintenance and operations.

In the past, all facets of the responsibilities outlined above have been assigned to the center's two ship surveyors (one at the time of our review). However, the workload has exceeded the capacity of the ship surveyors, which has resulted in their neglecting many important responsibilities. In addition, the center's management has shown little interest in watercraft. The following examples illustrate the inadequacy of this approach.

Watercraft have not been scheduled for depot-level maintenance in a timely manner. As of February 19, 1980, 20 watercraft were overdue for depot maintenance; 1 was overdue by 11 months. Ten of these vessels were not operational. This raises serious questions about safe and efficient operations and can increase the number of watercraft needed as backups for those which are inoperable. For example, personnel at one installation said that more timely depot-level maintenance possibly could eliminate the need for one of their watercraft.

The responsibility for initial, in-process, or final acceptance inspections of Air Force-operated watercraft undergoing depot-level maintenance at commercial shipyards had not been fulfilled by ship surveyors or delegated to qualified installation personnel. Thus, there was no assurance that

--needed maintenance had been done,

--unnecessary maintenance had not been performed, and

--all work was of acceptable quality and conformed to contractual provisions.

Ship surveyors are behind on mandatory 3-year inspection visits to using installations to ensure watercraft are seaworthy. When surveyors performed inspections, they usually made no record (trip reports) of repairs and modifications needed on watercraft inspected. Further, because of time

constraints, ship surveyors do only superficial inside and above waterline inspections during the visits. Watercraft are not drydocked for the required underwater hull and gear inspections.

Ship surveyors also have not been updating and enforcing 39-series technical orders, which are intended to establish operating procedures for field activities. For example, the series has not been updated to incorporate standard maintenance and repair procedures for most types of watercraft which are presently in the fleet. Also, most existing technical orders in the series are outdated. For instance, technical order 30-1-3, which establishes predetermined economic repair criteria based on the relative value of watercraft compared to estimated maintenance cost, does not consider major cost increases which have occurred since the criteria were established over 12 years ago. Thus, many watercraft could have been disposed of prematurely if this technical order had been enforced.

Failure to enforce technical orders has had a detrimental effect in other instances. For example, there is no centralized inventory of watercraft equipment nor any assurance that the logistics center's watercraft inventory is correct because technical order 39-1-15 requiring users to furnish annual inventory data has not been enforced or followed. Our review of the center's records disclosed two watercraft which were not reflected in the inventory.

CONCLUSIONS AND RECOMMENDATIONS

The watercraft program is a small but diverse support function essential to the success of some Air Force missions. As such, it is imperative that the program be managed as economically and as efficiently as possible, consistent with the resources invested therein. We do not believe this level has been reached.

Both our recent review and the findings of the Air Force Auditor General in 1974 show that the watercraft program has received inadequate management attention. Considering the significant cost avoidances achieved after the Auditor General's report, it is clear that the program would benefit from increased attention to management.

We therefore recommend that the Secretary of the Air Force

- have the major commands clearly identify whether the transportation or mission organization is responsible for watercraft management and
- ensure that sufficient personnel resources are available at all management levels to the extent necessary to provide adequate surveillance and enforcement over watercraft operations.

The resources provided the watercraft program could be used for such purposes as updating policy and procedural guidance, devising a management information system, making visits and inspections, scheduling depot-level maintenance, annually revalidating requirements, and enforcing essential operating and reporting requirements.

AGENCY COMMENTS

We discussed this report with Air Force officials and they told us of the actions underway to improve the watercraft program. In April 1980 representatives from the various management levels met to identify and resolve outstanding problems.

During the meeting, Air Force Regulation 75-58 was revised to (1) realine the responsibilities of the various management levels to give clearer lines of authority, (2) strengthen provisions for periodically revalidating requirements, (3) provide for a mechanized inventory reporting system, and (4) require the submission of management information to the Directorate of Transportation for surveillance purposes.

In addition, 14 specific aspects of program management were identified for further study. These aspects relate to such issues as identifying the office with primary responsibility for watercraft at the major commands, improving contracting for depot-level maintenance, developing management indicators, and rewriting technical orders. The studies of most of the issues are scheduled to be completed by September 1980.

The officials stated that the San Antonio Air Logistics Center plans to hire another ship surveyor. The center also plans to relieve the ship surveyors of some of the administrative workload so that they can devote more attention to the technical aspects of the program.

The above actions should be very helpful in improving the watercraft program. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Director, Office of Management and Budget; the Secretary of Defense; and the Chairmen of the appropriate congressional committees.

Sincerely yours,


R. W. Gutmann
Director